thereof. The German holder of the shares claimed payment of the dividends which accrued due during the war on the ground that they came within Article 296 (2) of the Treaty. This claim was contested by the British Clearing Office, who contended that, by reason of the above-mentioned section of the Trading with the Enemy Amendment Act, 1914, the amounts in question had prior to the 10th January, 1920, ceased to be debts due to a German national. They relied upon the decision of the House of Lords in Aramayo Francke Mines, Ltd. *v.* Public Trustee (1922, A.C. 406), as showing that the Act had effected a statutory vesting in the Custodian of the sums payable thereunder. The Act was an exceptional war measure, the validity of which had been confirmed by the Treaty, and under it the Custodian was the only person entitled to receive the dividends. Nothing had since happened to take that right away from him, and he was still entitled to receive that money in his capacity of Custodian Trustee. The Clearing Office was willing to give credit for the sum when received under Article 297 (*h*), but refused to give credit for it under Article 296 (2). The Tribunal adopted this view, being of opinion that it was clear that there was no right of action in the late enemy shareholder against the company for the dividends. They were not debts due from the company to him, and therefore were not debts which could be settled through the intervention of the Clearing Office under Article 296.

(3.) *Residence of Debtors and Creditors for the Purpose of Article 296 of the Treaty of Versailles.*

The question as to the period to which the words "residing within its territory" in Article 296 (1) must be attributed was considered by the Tribunal in two cases—namely, Kohn & Goldschmidt *v.* Arnold Oppenheimer (Case 214), (*Recueil*, ii, p. 211), and Delius *v.* German Government (Case No. 403), (*Recueil*, ii, p. 213), and in both these cases the Tribunal adopted the view which had previously been held by the British Clearing Office that in order that Article 296 (1) may be applicable there must be a debt due by a German national residing in Germany on the 10th January, 1920. The same date for residence would, of course, apply in the case of a claim by a German national against a British national. In the former of these two cases the Tribunal further decided that, inasmuch as under German law the heir of a deceased person who accepted the succession succeeds to the debts of the estate, the guarantee of the German Government was involved notwithstanding that the heir against whom the claim was made would not, by reason of his having claimed a separate administration of the estate, under German law have been liable personally for more than what he himself received out of the estate.

In the second case the Tribunal dismissed the claim which was made against the German Government, the original German debtor having died prior to the war, on the ground that as the creditor had not established that there was a debt due to him from a living German national residing in Germany on the 10th January, 1920, and had made no attempt to discover who was the heir, he failed in his claim brought before the Tribunal. Under no circumstances could the German Government be made a debtor purely on the ground of the guarantee without it being shown that there was a German national resident in Germany on the material date who was liable for the debt.

The question as to what constitutes residence in the case of a juridical person such as a company was considered by the Tribunal, but not finally decided, in the case of The Jewish Colonization Association *v.* Deutsche Bank. The claim was by a company incorporated under the laws of this country, where it had its registered office; but objection was taken to the claim, under Article 296, by the German Clearing Office upon the ground that during the war and at the date of the ratification of the Treaty the company's chief place of business was in Paris, where it was in the habit of holding its board meetings, and that accordingly it ought not to be said to be resident in the United Kingdom. After considerable argument the Tribunal stated that they had found that the notion of residence as laid down in Article 296 could not be a notion derived from any municipal law as such, but was a notion common to all the Signatory Powers for the carrying-out of Section III, Part X, of the Treaty. They had also come to the opinion that the Treaty contemplated only one residence as the residence to be taken as the basis for the application of Article 296, and not several residences between which a choice might be made. They further found that with regard to the test of residence the Treaty had not made any difference between legal entities and physical persons so as to apply to the former a test of more legal nature and to the latter a test of fact. They were, therefore, to take such notion of residence as in their opinion was the Treaty notion irrespective of the question whether the other notion might perhaps in some respects have proved more practical with regard to legal entities. Having expressed these views to the parties as to the true interpretation to be put upon the term "residence," they postponed giving an actual decision upon the case before them in order to afford the parties an opportunity to come to an amicable settlement should they think fit so to do.

(4.) Claims by naturalized British Subjects who have also retained their German Nationality.

In the case of Hein *v.* Hildesheimer Bank (No. 297), (*Recueil*, ii, p. 71), a claim was made through the British Clearing Office by a creditor originally of German nationality, who had become a British subject by naturalization in February, 1901, and who was resident in England on the 10th January, 1920. The claim was contested by the German Clearing Office on the ground that the creditor had not lost his German nationality, and that Article 278 of the Treaty did not govern changes of nationality before the war, but was limited to those made after the signing of the Treaty. The Tribunal, without considering it necessary to decide the effect of Article 278, held that the creditor had become a British national and was resident in Great Britain at the date of ratification of the Treaty. He had acquired the right to claim under Article 296 through the British Clearing Office, and, apart from Article 278, it was immaterial whether he had or had not lost his German nationality.

(5.) Claims in respect of Uncompleted Contracts.

In the case of Spencer & Co., Ltd., *v.* Schlotterhose & Co. the Tribunal had to consider the position of a British creditor who prior to the war had ordered a plant from a German firm for a certain fixed sum of which, under the terms of the contract, part had been paid to the German manufacturers by way of deposit. On the outbreak of war the plant had been completed but not delivered, the manufacturers by agreement between the parties having kept the machinery back pending the completion of certain arrangements which had to be made in this country for its installation. The Tribunal having come to the conclusion that the property in the plant had not passed from the vendors to the purchasers, held that the contract must be considered as having been dissolved on the 4th August, 1914, as not being included in the exceptions to the general rule laid down in Article 299; the consequences of such a dissolution were not expressly regulated by the Treaty, and the rights of the parties had to be decided according to the principles of equity. The creditors had paid over to the debtors 12,000 marks, and received nothing in return; on the other hand, the debtors had spent a considerable sum in manufacturing the machinery and had lost the use of this money. In all the circumstances the Tribunal considered it equitable that the creditors should receive £400 in respect of their claim, and they made an award accordingly.

A somewhat similar claim was considered in Gerhardt *v.* Wolf (No. 639), where machinery had been ordered and a deposit paid, and in this case the Tribunal, finding that the debtor had not substantiated his allegation that the machinery had been sold at a loss, held the creditor entitled to recover the whole amount of his deposit under Article 296.

(6.) *Claims for the Proceeds of the Sale of Rights of Subscription for New Shares.*

The case of Schuster, Son, & Co. *v.* The Deutsche Bank (*Recueil*, ii, p. 518) is of interest as showing the view taken by the Tribunal as to the meaning of Article 296 (2) of the Treaty. The debtors before and during the war held on behalf of the creditors certain shares in a German company on which dividends were paid by the company to the debtors, which dividends had been admitted by all the parties as constituting a debt within Article 296 (2). The holders of the shares became entitled in the years 1917 to 1918 to certain rights of subscription for new shares in